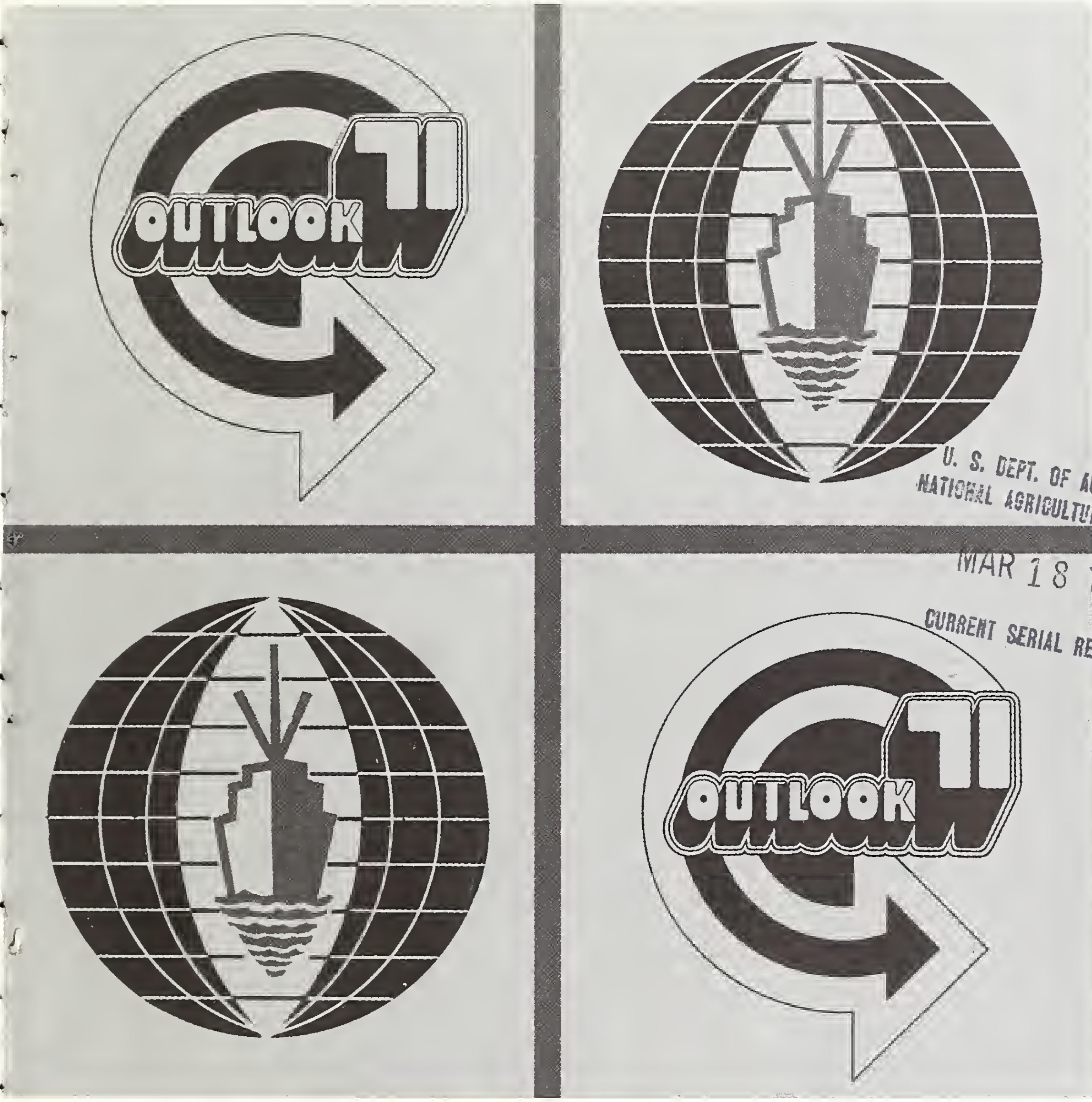
FOREIGN AGRICULTURE



March 15, 1971

1971 Agricultural Export Outlook

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

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This week's cover:

A substantial portion of the 1971 National Agricultural Conference, held in Washington, D.C. February 23-26, was devoted to the outlook situation for exports. Speakers covered a broad spectrum ranging from policy matters to trends in specific commodities.

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1971 national agricultural conference informs u.s. farmers and exporters

The trend in international trade of U.S. farm products is up, according to the policymakers and commodity specialists who met February 23 through 26 in Washington, D.C., for the 1971 National Agricultural Outlook Conference. On the whole, U.S. farmers can look forward to a profitable year in foreign markets.

This forecast, in addition to being good news to U.S. farmers, who derive almost one-sixth of their incomes from commodity exports, also provides them with valuable guidelines for the spring planting season. As reported by the Conference's commodity analysts, some items are in increasing demand overseas—others are in less favorable positions.

The Conference is also of concern to exporters and importers. Since its inception in 1923 it has attracted to its annual gatherings businessmen, bankers, diplomats, and, especially, economists.

Some of the information presented at the Conference on exports for 1971 appears on the first seven pages of this issue of *Foreign Agriculture*. (The short commodity reports are by the Economic and Statistical Analysis Division, Economic Research Service, U.S. Department of Agriculture.

Greater International Market Pull Affects U.S. Farm Exports

By RAYMOND A. IOANES
Administrator
Foreign Agricultural Service

World trade in farm goods is accelerating. For the United States, all indications point to a triple record for agricultural exports and dollar sales in the current fiscal year.

First, the value of total shipments will approximate $7.4 billion—an all-time high record by a margin of $600 million. Incidentally, exports in December 1970 set a record for 1 month when they hit $740 million.

Second, sales for dollars will be a record $6.4 billion. This means that agriculture, on the dollar account, could earn a favorable balance of about $700 million. That's the amount by which sales for dollars should exceed the value of agricultural imports.

Third, the volume represented by exports worth $7.4 billion will be about 5 percent above the volume of the previous record export year.

Several commodities are playing major roles in this very encouraging export situation with the greatest contributions being made by soybeans and wheat. Other goods are also important, and their performances and prospects are outlined briefly.

For **soybeans** and products, a record year is following on the heels of a previous record year. Exports will be up on both a volume and a value basis. The value total will be an almost incredible $1.8 billion.

Wheat has had a sharp upswing in exports, and shipments currently are running about 100 million bushels above last year's level. The final total for 1970-71 is expected to be between 725 million and 750 million bushels. This will be one of the United States' best export years in its farm history.

Exports of **feedgrains** are expected to be down by about 1.4 million short tons. Despite the decline, this is a heartening performance in view of our own supply situation.

Cotton exports will be up from the 2.8 million bales of last year to about 3.5 million. Foreign production and stocks are down and the United States is helping to fill the gap. It is too bad the country doesn't have more cotton. Supplies this year are just too small to meet all the demand.

On **rice,** exports will about hold their own in volume with reduced commercial shipments being offset by larger P.L. 480 movement.

Fruits and vegetables, on a dollar basis, will show exports about as large as a year earlier. There will be decreased shipments of canned fruits and canned vegetables, but exports of fruit juices (notably orange juice) are expected to be larger despite freeze damage to the U.S. crop.

U.S. exports of **tobacco** are expected to be off about 10 percent, on a poundage basis. Other exporting countries are pushing into world markets with tobacco of lower quality but which costs less.

The export value of **livestock products** will be down about 2 percent from last year's $609 million. A decline in pork shipments to Japan and to Canada will account for most of the drop.

And so it goes. There are ups and downs. But this year the ups have it.

When I think of our export trade, I think of it in terms of what I call "the pull of the international market." As I have already observed, the pull varies. A few years ago there wasn't enough market pull. But this year, the market is exceptionally strong.

I see the pull of the market reflected in current figures on prices. Soybean prices at Rotterdam are the highest in 5 years in spite of the fact that the United States in 1970 harvested the third bumper soybean crop in a row. Prices of wheat and feedgrains at Rotterdam are the highest in many years. Prices of beef and beef cattle are up all over the world at a time when beef production is on the upgrade.

I would like to explore with you some of these developments. The pull of the international market explains U.S. success in getting favorable prices and good cash returns from soybeans in spite of producing larger and larger crops. Since 1955, the United States has increased soybean production by 764 million bushels. Of this increase, on a soybean meal-equivalent basis, the United States has exported over 500 million bushels, or about two-thirds.

The pull of the market can be seen in the acreage being harvested for export. In 1955 the United States shipped the soybean production from 4 million acres—and by 1970 from over 23 million. That latter figure represents 55 percent of total soybean acreage. What more convincing evidence could there be of the strength that comes to U.S. agriculture from the pull of the international market?

U.S. success in the soybean export market traces to four basic factors. They are: increasing prosperity and purchasing power around the world; duty-free entry for soybeans in major markets; prices determined by the market (the United States does not subsidize soybean exports); and the reliability of the United States as a supplier.

Because of the reliability of the United States as a supplier, it has increased its share of the world market for oilseeds, cake, and meal from 44 to 55 percent between 1965 and 1970. The world is expecting the United States

to keep up the good work. U.S. farmers already have indicated their intention to step up acreage in 1971. This country needs that increase—and so does the rest of the world.

The pull of the soybean market is coming from all directions. Exports are increasing to such major markets as the European Community, the United Kingdom, Spain, Canada, and Japan. But the United States is also pushing into Eastern Europe with oilseed meal and oil and into Taiwan and South Korea. Market pull will be increased by the opening of new soybean crushing mills in the United Kingdom, Portugal, Greece, and Iran.

The pull of the market on wheat is seen in wheat prices at Rotterdam that are at the highest point in 9 years—and at a time when commercial wheat exports are the largest in U.S. history.

Western Europe is taking more wheat. Stocks in the European Community were down by about 100 million bushels at the start of the 1970-71 marketing year, reflecting not only smaller production but also heavy use of subsidies last year to move wheat into domestic feed use and exports. Eastern Europe is importing more U.S. wheat. Japan also has stepped up its imports from the United States—a continuation of a trend that has been apparent for several years.

On the supply side, the United States, of course, has wheat to export. Canada and Australia, although they sharply reduced wheat production in 1970, have substantial carryover stocks. But Argentina's wheat crop is the smallest in 10 years and will not be a significant competitive factor in coming months.

For feedgrains the price of corn at Rotterdam almost seems to be saying, "Look what the pull of the market can do." The current price of corn at that Netherlands market is the highest since 1956-57—and yet corn is one of the commodities subject to variable import levies. Prices of other feedgrains are also sharply above levels of other recent years as the demand for feed continues strong from Europe, both West and East, Japan, and other countries that are in the process of developing vigorous livestock economies.

But the market pull has been modified somewhat by price relationships, which have been influenced strongly by effects of the Southern corn leaf blight. This disease resulted in a reduced U.S. corn harvest and higher corn prices. The price effect has been transmitted to other feedgrains. Although U.S. corn exports to date are lagging behind last year's totals, shipments from the United States of such feedgrains as barley, grain sorghums, and oats are up.

For beef and veal, demand continues strong. Market pull traces primarily to increased prosperity, heightened purchasing power, and the new ability and desire of people almost everywhere to upgrade their diets by consuming more beef.

Beef production continues to push upward—not spectacularly but steadily. For the three major importing areas as a whole—the United States, the European Community, and the United Kingdom—beef and veal production has increased by 11 percent over the past 5 years. For the major exporting countries the gain has been 18 percent.

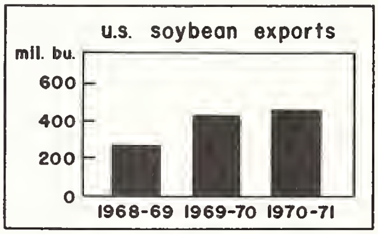
Expanded production has been absorbed at rising prices, another indication of what I call pull of the market. Prices to cattle producers are up sharply in all the exporting areas—Australia, New Zealand, Canada, Mexico, Ireland, and the Central American countries. Cattle prices in Argentina are more than double what they were a year ago. Prices are strong in the European Community, the United Kingdom, and—as we know—they have improved in the United States.

The situation in Argentina deserves special mention. Argentina normally is the world's largest exporter of beef and a key factor in the world meat picture. Last year it appeared that Argentina would stay big in terms of volume. Exports were unusually large in 1969 and indications pointed to relatively large

soybean exports

Total U.S. exports of soybeans and products should be up in 1970-71 in response to the growing world demand for edible oils and high-protein concentrates. They may total around 450 million bushels in 1970-71, or about 5 percent above last season's record 429 million.

Sales of U.S. soybeans are climbing because they are supplementing current inadequate export supplies of competing oilseeds—such as peanuts, copra, and sunflowerseed—used primarily in Western Europe and Japan. Therefore, total U.S. soybean exports will depend largely on factors such as the export volume entering world markets in 1971 of Soviet Bloc sunflowerseed and oil, Canadian rapeseed, African peanut oil and meal, Indian peanut meal, and Peruvian fishmeal.



Another factor powering U.S. sales gains is that expanding meat and chicken production in many parts of the world is increasing demand for high-protein feeds, and soybeans are meeting a large share of this need. This plus expanding oilseed-processing capacity abroad are pushing up export prospects.

In the latter part of 1970-71, however, larger world supplies of competing commodities — chiefly fish, rapeseed, and linseed meals —are expected to limit soybeans and soybean meal export gains. As a result, total soybean meal exports for 1970-71 may approximate the previous year's 4 million tons.

Soybean oil exports and shipments in 1970-71, after a disappointing start, are expected to be up to around 1.6 billion pounds, about a tenth above the previous year's level. The bulk of these will probably move out under P.L. 480 and barter sales.

—Based on a talk by
George W. Kromer

exports through 1970 and up into 1971.

But Argentine beef has not fulfilled expectations. Exports have shrunk markedly in recent months because domestic consumers are taking meat away from the export market. Prices are sharply higher. Prices of export-type steers reached a high of US$20.53 per 100 pounds the last week of January 1971—or more than double the $9.24 per 100 pounds a year earlier.

Argentina's situation is complex. It reflects inflation, strong demand, and, possibly, "overkill" in 1969. The overall picture isn't too clear. But one thing is certain: The reduced volume of beef exports now coming out of Argentina has added strength to beef prices in many world markets. It is another example of the close interrelationship of world trade forces.

To prove that the pull of the market does not necessarily follow any particular idealogy, the Soviet Union, which last year bought red meat and poultry in the Western market, is back again for needed supplies. The Russians have bought 50,000 long tons of beef and mutton from Australia for delivery later in the year. There are indications that this buying will be expanded.

In addition, information exists that Russia has contracted for 74 million pounds of poultry meat, principally whole broilers, with delivery to be completed by the end of June 1971. This purchasing is considerably ahead of last year's volume, which amounted to about 60 million pounds. The principal suppliers this year have been the Netherlands, France, and West Germany.

But the Soviet Union apparently wants to produce more of its own beef. A Russian delegation has been in the United States to look into the purchase of beef cattle breeding stock. It appears that they may be interested in substantial purchases to be made as part of a development program running from 15 to 20 years. The delegation also has carried on exploratory talks in Canada. No purchases have been reported to date. But if the Russians do buy in substantial volume, this will be another strong indicator of the strength of beef in world markets.

The pull of the market on beef has been held in check by importing areas and countries through various types of agricultural and trade devices. The European Community's Common Agricultural Policy restrains imports of meat through use of a variable import levy system. Sales to the United Kingdom have not been encouraged by its system of producer payments. Japan maintains tight quotas on beef. The United States, which has felt a "ricochet effect" from the systems of other importers, has instituted a voluntary restraint program. Major supplying countries have voluntarily agreed to put limits on what they send. The program has worked reasonably well.

As long as other importing countries use programs to hold the pull of the market on beef in check, we will need a program of our own as an offset. But suppose all the countries had the same protective level that we have—3 cents a pound. I am not sure, if every country went to that low protective level, that we would need a restraint program.

I would like to make a final observation about world market pull. It is strong now for many agricultural products and we can be glad. But we must understand the pull's makeup. It is the net effect of many factors—some long-term, some transient—each exerting a force at some period of time.

A major long-term factor is the economic growth that is giving increased per capita purchasing power. Operation of this factor is most apparent in Japan, perhaps; but its influence is being felt in some degree almost everywhere else. On the other hand there is protectionism, also long-term, which restrains the pull of the market.

On a shorter range basis are such things as the effect of weather, decisions of Canada and Australia to restrain wheat production, the appearance of Southern corn leaf blight in the United States, and many others.

A new factor influencing world agriculture is the possibility of an enlarged

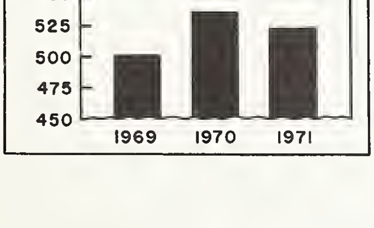
OUTLOOK 71 horticultural exports

Few U.S. fruit and vegetable items show promise of greater export strength in 1970-71. Increased competition and larger world supplies will hold overseas sales of most commodities in this sector at or below last year's levels.

In the fresh fruit area, exceptionally large apple and pear crops in Western Europe as well as heavy production of oranges and grapefruit in the Mediterranean area, are expected to limit U.S. exports to the European market. However, exports of fresh lemons and fruit juices (notably orange) are expected to show some increase. Shipments of shelled almonds, the principal tree nut moving into export, may exceed last year's very favorable level by a slight margin.

In the vegetable sector exports of fresh items may approximate the 1970 level. Increasing competition from Mexican vegetables will tend to restrain U.S. shipments to Canada, our principal market.

Although export demand for dry beans and peas remains generally favorable, reduced domestic bean supplies will probably hold overseas shipments below last season's record. Dry bean exports the past 3 crop years have increased steadily, and in 1969-70 almost one-fourth of the U.S. crop moved into foreign markets. But with 1970 world production closer to the average of recent years, U.S. exports are likely to find more competition in overseas markets than last year.



—Based on talks by
Charles W. Porter
and Ralph Freund

European Community. The United Kingdom wants to enter the Community. Ireland, Denmark, and Norway also are seeking membership.

The United States, of course, is mindful of problems we have had with the existing Community. These in the main have involved the variable levy commodities—especially grain. The United States is getting some relief on grain this year, because the Community's own supplies are short.

Last year, however, the Community made very heavy use of subsidies to export surpluses. This policy exposed U.S. grain to "double jeopardy;" that is, imports by the Community were reduced by the levies—while proceeds of the levies were used to subsidize exports, thus hitting the United States hard a second time in third-country markets.

Subsidies have cost all the non-Community supply countries dearly. Some of the other suppliers—Canada, Australia, and New Zealand, for example—have joined the United States in calling for reform. Reform is still needed despite the relief gained this year. Relief probably will be only temporary. When supplies again increase, the United States and other exporting countries will again face double jeopardy.

The United States also has been concerned about the Community's preferential arrangements with the Mediterranean countries, which are hurting our trade in citrus fruit. And we don't like the Community's buyers' premiums to its own tobacco producers because they impair bound tariff concessions granted us earlier. The Community has not met U.S. objections on these points. The next step will be to carry the problems to the contracting parties of the General Agreement on Tariffs and Trade (GATT) for resolution.

The possibility of enlargement highlights the fact that the Community's tariffs and price supports are generally higher than those of the United Kingdom. So, looking ahead to entry, the U.S. objective must be a bargain between these two levels.

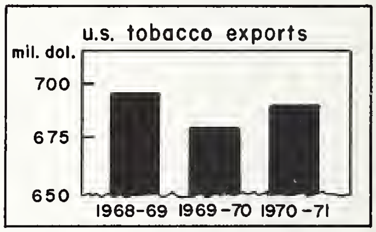
The United States, for example, has urged the Community to reduce its price levels for grain by $15 a ton. We have done this mainly because at current high price levels Community grain production has been expanding and net imports declining. Lower grain prices not only would slow grain production expansion but would also encourage greater output and consumption of livestock products. Further, by reducing prices by $15 a ton, the Community would bring its prices about midway between the existing United Kingdom and Community levels.

That reduction would go a long way toward solving the trade problems that must be dealt with when the terms of entry for the enlarged Community come before the GATT for consideration. It would also have the effect of reducing

toba

Although increasing demand will keep U.S. tobacco product exports on the upswing in 1971, lower demand for leaf exports caused by increasing competition from lower cost supplies will probably keep leaf imports at about the 1970 level.

Record-high tobacco product exports in 1970 failed to offset the decline in unmanufactured tobacco exports, and as a result total U.S. exports of tobacco and tobacco products in 1970 fell short of the record $696 million reached in 1969. This decline was primarily due to lower imports by several European customers, including major U.S. markets—the United Kingdom and the European Community. Last year the European Commun-



wheat exports

Rising world import requirements for wheat and reduced competition from some exporting nations should help the United States increase its exports substantially in the current marketing year (July 1970-June 1971).

Presently estimated at 725-750 million bushels—more than 100 million bushels above last year's total—U.S. wheat exports in 1970-71 are projected to rise to their fourth highest level to date. The increase is expected to come from especially heavy commercial sales, while food aid exports will probably remain at their 1969-70 level.

Excluding trade among EC member countries, world import requirements may be about 2.1 billion bushels this year—up about 10 percent from last year's level—with Western and Eastern Europe accounting for most of the increase.

Shipments by other wheat-exporting countries will benefit from an estimated decline of 110 million to 150 million bushels in wheat exports from the EC to third countries. Shipments by Argentina and smaller exporting countries, such as Spain, are also expected to decline during the coming year.

—Based on a talk by
William R. Askew

ports

ity adopted a Common Agricultural Policy (CAP) for tobacco. The CAP contains several provisions such as buyers' premiums and high support prices for local production that can have a harmful effect on U.S. exports.

World cigarette production is still expanding rapidly and the demand for light tobaccos for blending—primarily flue-cured and burley—is on the upswing. Compared with 1969, last year's foreign flue-cured crop was smaller, but overseas burley output increased sharply. Higher U.S. prices and improved quality tobacco by several developing countries in Latin America, Asia, and Africa increased the competition in world markets.

At the beginning of 1971, tobacco held under Government loan (largely flue-cured and burley) totaled nearly 1.4 billion pounds (farm sales weight). This was about equal to the record high of 6 years ago. Prospects are for little change during this marketing year.

—Based on a talk by
ROBERT H. MILLER

the cost of entry for the British, which is now an outstanding issue in the enlargement negotiations.

The United States must persist in its efforts not only to keep trade channels open but to broaden them. The Community already is our biggest market and an enlarged Community would be even more important to us.

Problems of trade came in for intensive debate last year in connection with a modest trade bill proposed by the Administration. The bill that finally emerged was greatly enlarged, containing added provisions that would have signaled a change in our historic liberal trade posture. But time ran out and the enlarged bill was not enacted. Similar legislation has been introduced in the current Congress.

We undoubtedly will hear some repetition of the debate that took place on last year's bill. Last year's debate reflected many factors—the spread of improving technology and efficiency; the development of regional blocs that are preferential by their very nature; the effects of inflation and unemployment; and the safeguarding of the legitimate interests of U.S. labor, industry, and agriculture.

The debate reflected to some degree a basic questioning of the overall philosophy of liberal international trade—a doubt as to whether the United States is getting reciprocity for its efforts to expand world trade through liberal principles.

In this debate agriculture continued to support liberal trade. Liberal trade for agriculture obviously makes sense. The $7.4-billion export total in prospect for this year testifies to that. I am very sure that if this country should embrace a tight protectionist policy, there would be counteraction against a large number of our major agricultural exports.

In agriculture, difficult questions will continue to be raised by the critics of liberal trade. Our best answer will be aggressiveness in producing results in our export trade. There was a time in the aftermath of World War II when the United States could carry a disproportionately large share of responsibility for furthering liberal trade. Now the other industrialized countries must increasingly recognize that times have changed—that more of the responsibility rests on their shoulders. They must increasingly recognize that the new protectionism in the United States has been fed by their own protectionism. This is especially true with respect to trade in agricultural products.

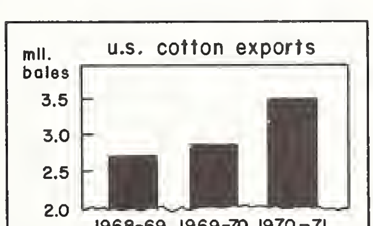
Our foreign friends are showing some signs of a change in attitude. But they need to do more—and we must keep reminding them of the need to do more. We must impress them with our own conviction—a conviction that liberal trade in the world is well worth saving.

OUTLOOK 71

cotton exports

Prospects for foreign sales of U.S. cotton are good for the near future because of decreased production in other cotton-exporting countries. Although total world cotton trade is expected to be about the same as last year's 17 million bales, the U.S. share is expected to increase from last season's low of 17 percent to 20 percent. In quantity, the increase will be from 2.8 million bales to about 3.5 million.

In general, world demand will probably exceed production by over 1 million bales. U.S. stocks by August 1971 are expected to be down a little over 1 million bales from 1970 and the smallest since those available in 1952.



This favorable climate for U.S. cotton exports may continue if the cotton industry succeeds in meeting competition from manmade fibers and foreign-produced cotton.

In an effort to meet this challenge, U.S. cotton producers have budgeted $10 million for cotton research and promotion programs in 1971.

Further, the Agricultural Act of 1970 provides for additional funds for cotton research and promotion from money saved by limiting payments to U.S. cotton producers on the 1971 through 1973 crops. And, the Secretary of Agriculture has the discretion to make extra funds up to $10 million available for the same overall purposes.

—Based on a talk by
JAMES R. DONALD

By AMALIA VELLIANITIS
Foreign Development and Trade Division
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Effect of Yugoslavia's Devaluation On Farm Trade With United States

On January 23, under a general stabilization program, Yugoslavia lowered the par value of its currency. This action was caused by a constantly worsening balance of payments deficit and severe inflation. Although Yugoslavia's exports increased a healthy 14 percent in 1970, its imports increased 34 percent; and in the past 2 years prices have risen faster than in any other East European country with the exception of Poland.

Under the new rate, one U.S. dollar equals 15 dinars; the old rate was 12.5 dinars per U.S. dollar. Thus it becomes more expensive for a Yugoslav to purchase dollars or other hard currencies with which to buy foreign goods. In theory, this could lead to a decrease in U.S. agricultural exports to Yugoslavia—mostly soybean meal and other oilseed derivatives, hides and skins, and cotton, averaging about $32 million in 1967-69.

At the same time, since the U.S. importer can now buy more Yugoslav dinars—and Yugoslav goods—than before for the same amount of dollars, our agricultural imports from Yugoslavia—mostly prepared meats, tobacco, and hogs—could increase from the $27 million of 1969.

Yugoslavia's fine meat-type hogs.

The same possibilities of change exist for total trade between the two countries. The U.S. share of Yugoslavia's total imports is about $85 million (between 5 and 6 percent); this amount could decrease. Yugoslavia's total exports to the United States are about $100 million (6 to 7 percent of its exports to all countries); this amount could increase.

However, so far as agricultural trade is concerned, several other factors are of major consideration. First, the increases that inflationary pressure caused in Yugoslavia's imports before devaluation were mainly in nonagricultural consumer goods. It is reasonable to assume that any deflationary measures undertaken will affect these goods more strongly than they will affect agricultural commodities. Second, an inquiry into the main types of agricultural commodities imported by Yugoslavia from the United States reveals that the country may find it impractical to decrease these imports or find other sources for these products.

Currently, the main U.S. agricultural export to Yugoslavia is oilseed cake, meal, and other vegetable oil residues. By far the major item in this commodity group is soybean meal, which is used for livestock feeds and is particularly valuable as a high-protein supplement. Yugoslavia would have difficulty, at least in the short run, in increasing internal production of sunflowerseed, peanuts, and cottonseed and thus decreasing its oilseed imports substantially. At present, it produces less than half of its oilseed needs.

In Yugoslavia, soybean meal is fed mainly to poultry and hogs. Yugoslavia is well on its way to self-sufficiency in poultry. Total poultry numbers have increased notably; unofficial estimates for 1970 place them at 45 million head, an increase of about 4 million over 1969.

Indications are that the broiler industry will continue to expand in response to the relatively good meat prices of the past few years. These prices result from a general meat shortage and an increase in demand by tourists. Yugoslavia's stated goal is to increase per capita chicken consumption by 60 percent over the next 5 years, from 11 pounds to 18.

All these factors should lead to an accompanying increase in Yugoslavia's soybean imports—in the short run as well as the long run—from the United States and also from alternative sources such as Brazil which have recently entered the Yugoslav market.

Also of importance are recent indications that for the 1970-71 crop year, Yugoslavia, along with the rest of East Europe and the USSR, has had a severe decrease in sunflowerseed production because of inclement weather.

Far left, curing tobacco—a major Yugoslav export crop. Left, unloading wheat by cargo net at port. Yugoslavia may import some U.S. wheat this year.

But for sunflower meal, which is fed to hogs and cattle in Yugoslavia, soybean meal is a more than acceptable substitute. Thus, all indications are that Yugoslavia will increase soybean meal imports from the United States considerably this year.

Not only are exports encouraged by devaluation, an increase in exports is a necessary condition for a successful devaluation. For example, if Yugoslav exports of one particular commodity—leather goods — should increase, this may lead to greater imports of hides from the United States. Though the value is small, U.S. exports of cowhides and calfskins are important to Yugoslavia's leather goods and footwear industries. In this case, the import is an input to exports.

In 1969, Yugoslavia exported footwear worth several times over what it had imported of hides and skins from all sources. Since devaluation, imports of the raw materials could increase even if prices in terms of dinars have risen. Assuming that devaluation will allow exports to become more competitive, this increase of imports would enable Yugoslavia to export more footwear and improve its balance of payments position.

At present Yugoslavia faces several handicaps in expanding some of its prime agricultural exports in response to devaluation. Its corn exports have competed with those of the United States mainly in Germany, Italy, and Switzerland. In 1970, corn production declined by 11 percent in Yugoslavia. As a consequence, the Yugoslav Government announced that beginning in October of the 1970-71 marketing year, feedgrains including corn can only be exported by means of a special permit. It is expected that about 100,000 metric tons of corn, which had been contracted with foreign countries before the change in the export regime, will be exported this year.

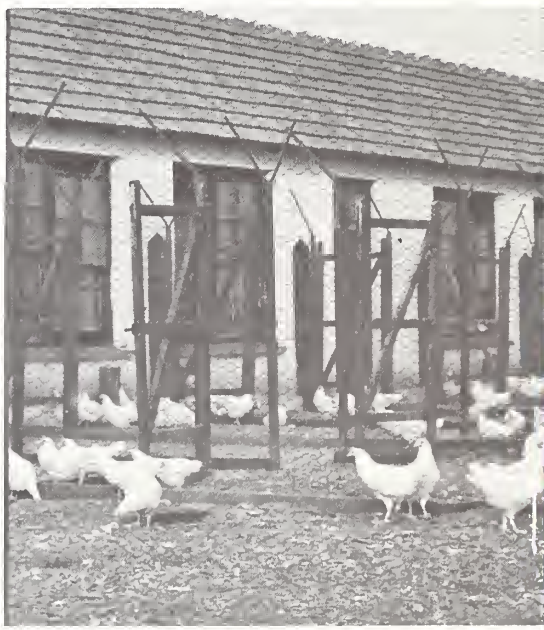
This change will still not be enough to prevent an internal shortage, and Yugoslavia is currently expected to import about 525,000 metric tons of feedgrains. A considerable portion of this amount will probably come from the United States.

Yugoslavia's largest foreign exchange earner in agriculture is beef, particularly "baby beef." Its recent 3-year agreement with the European Community[1] was designed to provide a more accessible market by reducing import duties on baby beef shipments for 1970-72. The total of such shipments to which duty reductions apply may not exceed the average for 1967-69 by more than 15 percent. In 1969, 56 percent, or 45,000 tons, of Yugoslavia's baby beef exports went to the EC—6,770 tons less than the 1967-69 average. In both 1969 and 1970, Yugoslavia encountered problems increasing its exports of beef. Latest estimates for 1970 show the number of cattle in the country practically unchanged from the year before.

The prognosis is for a slight increase in beef exports for 1971. The Yugoslavs are hopeful that good market prices will counterbalance high feedgrain prices. Here, however, the effects of devaluation may be actually detrimental to increasing foreign exchange reserves in the short run. Unless exports of beef by quantity can be increased enough to compensate for the 20-percent price decrease in dinars, foreign exchange earnings from these exports will decline this year. Whether beef exports increase may depend on how much feedgrain the Government is willing to import.

In sum, because of its already deteriorated production position, Yugoslavia will not be in the most favorable position in the near future to reap the traditional benefits of devaluation for its agricultural trade, either in expanded exports or in diminished imports.

Poultry operation on state farm.



[1] "Yugoslavia, EC Sign Baby Beef Agreement," *Foreign Agriculture*, May 4, 1970.

Brazil's Cotton Crop, Exports Cut Sharply By Adverse Weather

By HORACE G. PORTER
Cotton Division
Foreign Agricultural Service

Calendar 1970 was a discouraging year for cotton farmers in south and north Brazil, with bad weather reducing output in both of these important growing areas. The 1971 outlook for south Brazil is for even smaller total production than in 1970, although possibly higher unit profits.

The Brazilian textile industry is expected to absorb all of the northern crop, about 1 million bales of the southern harvest, and some longer staple imported cotton not available from the southern region.

Cotton exports from this major U.S. competitor will thus be sharply lower in 1970-71 than the 1.9 million bales exported last year and the 1.8 million bales in 1968-69.

Part of the adverse impact on foreign exchange earnings from the smaller cotton exports will be offset by higher cotton prices prevailing in world markets as a result of relatively tight world supply and demand. A major concern of Brazilian cotton firms interested in exports is the problem Brazil may face in keeping its cotton competitive in world markets during this period of especially high internal prices.

Farmers felt that results of the 1970 crop were unsatisfactory compared both to cotton harvests of other recent years and to other crops grown in cotton-producing areas.

In the south, as the 1970 crop approached maturity there were strong indications that it might be a record, but wet weather largely nullified efforts to control insects and, continuing into the harvest period, caused considerable crop loss and lowering of grade. Instead of being up considerably, the southern crop fell from a 1969 level of 2.5 million bales to 2.3 million bales, and per acre yields also were down significantly.

Severe drought was the culprit in northeast Brazil, causing the cotton crop there to shrink by one-half from a 1969 level of 800,000 bales to 400,000 bales in 1970.

Although rain has fallen in northeastern drought areas in 1971, it is too early to know whether rainfall will be normal for the whole year. Even if it is, cotton production is unlikely to return entirely to former levels, since some fields of the perennial cotton grown there undoubtedly will have been lost and will need replanting. It seems unlikely that production in the northeast this calendar year will exceed 700,000 bales.

The 1970-71 crop year includes, in addition to the small crop harvested from July through September, a southern crop of an estimated 1.8 million bales that will be harvested in a few months.

Cotton acreage in south Brazil for this crop was reduced an estimated 23 percent from the 1969 level. The cut in Paraná was greater and that in São Paulo less than this aggregate figure. Acreage increased 10 percent or more in the other three States—Minas Gerais, Goias, and Mato Grosso — but their combined share of total south Brazilian acreage is relatively small. Thus, even though yields in some areas are expected to increase, production this year may decline to about 1.8 million bales.

Several factors contributed to the dramatic reduction in cotton acreage in São Paulo and Paraná. Rank and file cotton farmers were not well pleased with operating results from their 1969-70 crops. This appeared to be true more of small- and medium-sized producers with average or lower yields than of larger, more efficient producers. Average yield per acre declined for the second year in a row, and costs—especially of labor—rose more than cotton prices. In contrast, corn, soybeans, and peanuts gave very satisfactory returns, and many farmers in areas where one or more of these crops compete with cotton for land and production resources shifted land from cotton to these crops.

Varying the relative acreage of cotton and corn from year to year is traditional throughout the south Brazil cotton areas, and on sandy soils peanuts is a traditional competitive crop. Soybeans, on the other hand, is a relatively new crop in south Brazilian cotton areas. Acreage in soybeans is still small compared with that in cotton, corn, and peanuts, but is expanding rapidly. Soybeans are often double cropped after wheat has been harvested. The fact that these crops are less labor intensive than cotton and require a much lower operating cost per unit of land than cotton is frequently mentioned as favoring the shift of land away from cotton.

How long such a shift continues will depend on results each year and prospects for the year ahead for these crops. If, for example—as may well happen—corn production is expanded

Left, Brazilian cotton is dried on the farm where it was grown before being shipped to a gin; above, cotton is received for storage at a gin.

too much this year and corn prices decline sharply, while cotton shows a good yield per acre and cotton prices continue at an attractive level, cotton acreage in São Paulo and Paraná could recover significantly next season, most observers believe.

Available cost-of-production information for south Brazil indicates the break-even point in 1970 was fairly close to a yield of about 280 pounds of lint per acre. Many individual-farm yields and even average yields in a number of producing zones were at or below this level. While many farmers with higher yields and even average yields for south Brazil appeared to show a profit, others failed to cover their total costs of production that year.

Those south Brazilian farmers who might be called superior—achieving a yield of about 460 pounds, or just under a standard bale of lint per acre—had a direct cost of about 12.5 cents per pound of lint and a total cost of about 16.1 cents per pound. These compare with an estimated average cotton price of 20.4 cents per pound.

It is evident that many farmers who made a profit from cotton were nevertheless somewhat disenchanted with the results of their cotton operations. The shift of acreage out of cotton this crop year indicates many farmers thought that as big or bigger profit might be made from alternative crops involving much less risk than cotton and with a smaller labor input than cotton requires. This is not the first time there have been major shifts away from cotton, and it must be remembered that a swing back to cotton could be just as dynamic as this current shift. Whether the present strong price situation will help cotton acreage expand markedly next year merits close watching by producers in the United States and elsewhere.

Citrus production threatened—

Spain Struggles To Control Spreading Virus

The Spanish citrus industry, a major competitor with U.S. citrus exporters in the large Western European market, is engaged in a vigorous struggle against a virus disease which has now spread to an estimated 30 percent of the country's total citrus area.

Known as "tristeza," the virus first gained prominence in Spain following the disastrous freeze of 1956. Since then, approximately 2 million trees have been lost and another 20 million reportedly are either infected or menaced by immediate infection. The affected area is now estimated at about 123,550 acres.

Tristeza is transmitted by aphids and primarily hits sweet oranges, tangerines, and grapefruit which are grown on sour orange rootstock. This rootstock, considered nontolerant to the disease, is presently the source of about 90 percent of Spain's citrus trees.

The Province of Valencia in eastern Spain is the area worst hit, with five major producing districts officially declared "infected areas." Citrus-producing districts in six other Provinces in the eastern region have been affected, and the disease also is believed to have spread to the island of Majorca off the eastern coast of Spain.

In 1969 the Spanish Government launched an extensive battle against the disease, aimed at destroying the infected trees and replacing them with tolerant rootstock. A total credit line of $4.3 million was earmarked for this costly endeavor. Growers who bulldoze diseased trees and replace them with the appropriate varieties are eligible for Government compensations of $290 to $433 per acre as well as reductions in rural tax rates. Nevertheless, rootstock shifts and the ensuing decline in fruit production are expected to mean considerable loss of income for individual Spanish citrus growers.

Compounding the problem of the tristeza is the spreading infestation of whitefly, which reportedly entered Spain in 1968 in contaminated material from the Canary Islands. Citrus trees infested with whitefly have been reported in four Provinces—Malaga, Cadiz, Seville, and Alicante. Branches of the trees become defoliated, and the fruit drops to the ground before it has been able to reach maturity.

Certain fungi which are considered natural enemies of the whitefly presently are being used in a number of groves in an attempt to control the pest biologically. At the same time, a Government-subsidized program to wipe out another citrus pest, the Mediterranean fruit fly, has put that menace under at least partial control.

Spanish citrus exports through January of the 1970-71 season are reported to be down somewhat from the total exported a year earlier. However, this is primarily due to severe frosts this winter rather than the infestation of disease or pests.

Grain and Cotton Slated for Export to Five Nations Under P.L. 480 Agreements

P.L. 480-Title I agreements totaling $141.3 million were signed with five Middle Eastern and Asian countries in January and February, 1971. Under the agreements, grain and flour will go to Turkey, Korea, Morocco, and Israel (also taking edible oil and tobacco), and cotton to the Republic of China.

Title I authorizes sales of U.S. farm products to needy but dollar-short foreign countries and the acceptance of foreign currencies — such as rupees, pesos, cruzeiros, et cetera—in payment.

Under an agreement signed in January, Turkey will purchase approximately 18.3 million bushels of wheat and/or wheat flour during the rest of fiscal year 1971. The purchase, valued at $29.4 million was the largest of several announced during the month by the Export Marketing Service of USDA.

The agreement, signed in Ankara, calls for payment in convertible local currency on a long-term credit basis. As in all such agreements Turkey will buy from private U.S. grain traders on the basis of purchase authorizations as they are issued.

In signing the agreement, Turkey outlined self-help measures it is carrying out under a 5-year plan. These include promotion of high-yielding grain varieties, provision of adequate production credit to farmers, and improvement of agricultural statistics.

In addition, several other countries signed Title I agreements in January and early February. Korea agreed to pay $29.3 million under a convertible local-currency credit arrangement for the purchase of approximately 4.4 million hundredweight of rice in calendar year 1971. (Korea also signed an amendment covering 5.1 million bushels of wheat already purchased under advance authorization.)

The Republic of China agreed to pay $20 million for the purchase of 80,000 bales of cotton in fiscal 1971 and the same amount in fiscal 1972. Payment is to be made in New Taiwan dollars.

Morocco has agreed to pay $10,-549,000 for the purchase of about 6 million bushels of wheat and/or wheat flour in fiscal 1971. Half of the payment is to be made in U.S. dollars and half under a convertible local currency credit arrangement.

Israel has agreed to pay $52.1 million for the purchase of 21 million bushels of feedgrains, 8.8 million bushels of wheat and/or wheat flour, 33 million pounds of edible oil, and 441,000 pounds of tobacco. (Approximately one-third of the feedgrains and one-fifth of the wheat has already been purchased by Israel under advance authorization.)

Coffee Rust in Brazil

A new outbreak of coffee rust was recently discovered in the Brazilian State of São Paulo—550 miles away from the State of Bahia where the disease was initially discovered last year.

The number of trees involved in this new instance is small and the outbreak should have practically no effect on this year's coffee crop.

Coffee Quota Reduction

A 3-million bag reduction in the overall export quota of coffee was triggered by Brazil in an action following a special emergency meeting of the International Coffee Council held in February.

At the meeting, the Council approved a minor technical amendment to last August's Resolution No. 225, which called for two concurrent quota reductions of 1.5 million bags each if the composite indicator price falls to, or below, 46 cents per pound. After the meeting Brazil reduced its indicator price to a level which brought the composite price under 46 cents, thus setting off the countdown for the two quota reductions of 1.5 million bags each. The first reduction became effective on March 10.

Several producer countries called the emergency session to ask for a review of the market situation in order to justify a proposed reduction in the overall export quota. They were seeking the lower quota to counteract the declining price levels that have prevailed for most types of coffee in recent months.

U.S. Rambouillet Sheep Airlifted to India

Some 2,570 registered American Rambouillet sheep were airlifted to India in January and February. The sheep, raised in Texas, will join some 1,900 other U.S. Rambouillets which have been exported to India since 1964. The animals have been purchased by the Government of India as part of its effort to increase wool production.

The majority of the sheep will be grazing on State research farms while a few are being sold to private producers. Crossbreeding Rambouillets with local sheep has resulted in larger-bodied sheep with wool of much finer quality and yield.

Attaché James Boulware, left, inspects shorn Rambouillets with Indian officials.

CROPS AND MARKETS

Grains, Feeds, Pulses, and Seeds

Weekly Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Mar. 10	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	1.99	+2	2.03
USSR SKS-14	1.99	0	(1)
Australian FAQ	1.88	0	1.75
U.S. No. 2 Dark Northern Spring:			
14 percent	2.00	−3	1.88
15 percent	2.05	−4	1.97
U.S. No. 2 Hard Winter:			
13.5 percent	1.98	0	1.78
USSR-441 Yellow Winter	1.96	0	(1)
Argentine	(1)	(1)	1.76
U.S. No. 2 Soft Red Winter	1.70	+1	1.67
Feedgrains:			
U.S. No. 3 Yellow corn	1.77	+1	1.57
Argentine Plate corn	1.76	−1	1.55
U.S. No. 2 sorghum	1.51	−4	1.54
Argentine-Granifero sorghum	1.50	−5	1.33
U.S. No. 3 Feed barley	1.47	−3	1.11
Soybeans:			
U.S. No. 2 Yellow	3.38	+2	3.02
EC import levies:			
Wheat	1.46	+2	1.69
Corn [2]	.78	0	.98
Sorghum [2]	.91	0	1.09

[1] Not quoted. [2] Until Aug. 1, 1972, Italian levies are 19 cents a bu. under those of other EC countries.
Note: Basis—30- to 60-day delivery.

Cotton

U.S. Raw Cotton Exports Higher in January

Exports of raw cotton from the United States in January totaled 441,000 running bales, compared with 362,000 bales in December and 382,000 in January 1970. Shipments to European countries rose sharply to about 46,000 bales over the level of January 1970. Exports to Romania accounted for more than one-half of the increase to Europe, and shipments to Japan and Thailand were higher than in January 1970.

Shipments in the first half (August-January) of the current season amounted to 1,409,000 bales, up from 1,136,000 bales exported during the same period in 1969-70. Exports to Belgium, Luxembourg, Romania, Switzerland, United Kingdom, Hong Kong, and Thailand more than doubled in the first 6 months from the level of the same period last year. Ship-

U.S. COTTON EXPORTS BY DESTINATION

[Running bales]

Destination	Year beginning August 1				
	Average			Aug-Jan	
	1960-64	1968	1969	1969	1970
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	23	0	0	0	0
Belgium & Luxembourg	121	30	19	9	22
Denmark	14	1	(1)	(1)	(1)
Finland	17	3	6	4	(1)
France	319	88	30	16	16
Germany, West	269	31	26	16	31
Italy	345	62	46	25	24
Netherlands	110	19	19	10	14
Norway	13	5	1	1	(1)
Poland	125	106	51	16	0
Portugal	21	8	2	2	(1)
Romania	2	0	46	0	26
Spain	74	5	4	2	5
Sweden	81	51	37	20	12
Switzerland	74	32	15	8	21
United Kingdom	244	48	38	15	34
Yugoslavia	112	54	0	0	0
Other Europe	15	7	4	0	5
Total Europe	1,979	550	344	144	210
Algeria	9	27	11	10	9
Australia	61	0	(1)	(1)	(1)
Bolivia	7	0	0	0	0
Canada	353	108	181	73	129
Chile	18	(1)	1	(1)	(1)
Colombia	3	(1)	(1)	0	(1)
Congo (Kinshasa)	6	0	0	0	0
Ehiopia	9	9	1	1	1
Ghana	1	17	27	24	15
Hong Kong	148	194	261	31	62
India	314	174	261	63	30
Indonesia	40	105	242	115	71
Israel	15	1	(1)	(1)	(1)
Jamaica	4	2	2	2	1
Japan	1,192	536	623	276	397
Korea, Republic of	261	447	455	219	227
Morocco	12	19	28	7	11
Pakistan	14	1	16	8	0
Philippines	123	119	146	38	42
South Africa	41	9	4	1	8
Taiwan	209	259	193	62	64
Thailand	34	66	54	9	48
Tunisia	2	0	5	5	0
Uruguay	6	0	0	0	0
Venezuela	8	(1)	(1)	(1)	6
Vietnam, South	46	62	99	43	58
Other countries	9	26	14	5	20
Total	4,924	2,731	2,768	1,136	1,409

[1] Less than 500 bales.

ments to West Germany, Canada, Japan, Republic of Korea, and the Philippines were significantly higher. Sizable reductions were noted in exports to Poland, Sweden, Ghana, India, and Indonesia.

Dairy and Poultry

Chile's Nonfat Dry Milk Needs Up in 1971

Chile's National Federation of Milk Cooperatives has estimated that import requirements for nonfat dry milk in 1971 will approximate 38,445 metric tons if the country's stated goal of providing each child under 15 years of age with ½ liter (about 1 pint) of milk per day is to be met.

During 1970, estimated imports of nonfat dry milk by Chile's Empresa de Comercio Agrícola and National Health Service totaled 14,465 metric tons. While it is generally believed that Chile's 1971 imports will be considerably larger than they were last year, the increase is not expected to match the indicated requirement esimates.

Chile's first purchase of powdered milk during 1971 was made early in January and consisted of 8,050 tons, with 12-percent fat content. U.S. exports of nonfat dry milk to Chile in 1970 totaled 10,326 tons, mostly for relief and welfare programs.

Danish Cheese Exports Rise in 1970

Denmark's exports of cheese in 1970 totaled 67,449 metric tons, an increase of 10 percent over 1969 exports of 61,510 tons. Most of this increase occurred in shipments to the United States, which reached 17,051 tons in 1970, compared with 11,793 tons in 1969. Other major markets for Danish cheeses were West Germany, 19,644 tons; the United Kingdom, 9,339 tons; and Sweden, 5,721 tons. Exports to Canada were 2,628 tons, down about 1,200 tons from the 1969 level.

Stocks of cheese in Denmark at the end of 1970 totaled 14,913 tons—11,250 tons at dairies and 3,863 tons at exporting firms, down 12 and 21 percent, respectively, from stocks held a year earlier.

Tobacco

U.S. Cigarette Exports Hit New Record

U.S. cigarette exports in 1970 reached 29 billion pieces, with a value of $159 million. This was an alltime record in both number and value. Cigarette exports currently represent about 5 percent of total U.S. cigarette production. Exports of 29 billion cigarettes in 1970 represent a 17-percent increase from the 25 billion in 1969 and were about 26 percent above the annual average during 1960-64. The gain in value was 23 percent and about 55 percent, respectively, from the levels of these periods.

Largest gains in numbers of cigarettes purchased from the United States were registered by Saudi Arabia, with 1,269 million; Uruguay, 997 million; Spain, 1,745 million; and Hong Kong, 3,176 million. Significant losses were recorded by Yugoslavia, Israel, and Paraguay over previous years. Purchases by the European Community increased in 1970 over the levels of the previous 2 years, with sizable gains for every country except France. However, U.S. cigarette exports to this area remained below the annual average for 1960-64.

U.S. EXPORTS OF CIGARETTES

Destination	Average 1960-64	1968	1969	1970[1]
	Million pieces	*Million pieces*	*Million pieces*	*Million pieces*
EC:				
Belgium-Luxembourg	989.1	993.4	959.5	1,160.7
France	1,418.1	479.5	324.9	294.8
Germany, West	561.4	724.2	453.0	749.6
Italy	715.5	693.9	639.3	803.8
Netherlands	584.8	593.7	447.3	658.6
Total EC	4,268.9	3,484.7	2,824.0	3,667.5
Panama	588.4	1,033.3	1,275.0	1,221.7
Netherlands Antilles	1,035.9	1,412.1	1,356.0	1,406.3
Colombia	205.5	719.3	1,108.0	1,422.1
Ecuador	447.5	374.1	373.0	381.9
Paraguay	259.7	1,671.5	741.8	574.4
Uruguay	698.9	160.6	402.6	997.2
Denmark	472.5	369.2	365.3	346.3
Spain	986.7	1,924.0	1,191.2	1,744.8
Canary Islands	295.6	418.2	589.0	874.9
Switzerland	467.3	1,171.4	1,117.2	1,383.8
United Kingdom	252.5	415.0	370.7	498.8
Yugoslavia	138.6	434.6	552.3	364.1
Morocco	525.8	351.2	331.6	317.1
Israel	153.7	308.1	369.7	188.0
Kuwait	1,073.2	1,371.0	1,193.1	1,184.0
Lebanon	418.0	647.3	569.5	495.5
Saudi Arabia	69.3	293.9	669.7	1,269.5
Hong Kong	1,916.9	2,667.8	2,684.9	3,167.5
Japan	444.8	402.5	698.7	633.3
Singapore	787.0	549.9	516.0	574.4
Other	7,547.8	6,281.2	5,669.6	6,434.2
Total	23,054.5	26,460.9	24,968.9	29,147.3
	1,000 dollars	*1,000 dollars*	*1,000 dollars*	*1,000 dollars*
Total Value	102,400	134,220	129,144	158,967

[1] Preliminary. Bureau of the Census.

Demand Strong for Turkey's Tobacco

Strong demand and good prices paid to producers for the 1970 crop are expected to encourage greater tobacco production in Turkey in 1971.

The growers' market for the Aegean area, Turkey's principal tobacco region, opened January 25, 1971. By January 31, 96 percent of the estimated 224-million-pound crop had been sold, compared with 90 percent sold at the same time last year. Of greater significance, however, was that this year a much higher proportion of the crop went to the private trade. This year the Monopoly had purchased 46 percent of the crop by January 31, compared with 62 percent after a comparable period last year.

A better quality crop and the fact that dealers were holding smaller stocks help account for larger dealer purchases on the January 1971 market. A reduction in the exchange rate for tobacco from 12 to 13 lira per U.S. dollar was made just before the market opened.

Japan is reported to be a promising market for Turkey's tobacco, and sales to West Germany are said to be increasing.

The United States took half of Turkey's unmanufactured tobacco exports in 1969. West Germany was the second largest market and Japan the third.

Fruits, Nuts, and Vegetables

Canned South African Fruit, London Prices

A London trade journal reports opening minimum prices of South African canned fruits in London on a c.i.f. per carton basis as follows:

Type and quality	Minimum price per case[1] 1971	1970
	U.S. dol.	*U.S. dol.*
Apricots, (Royals):		
Fancy	7.02	6.84
Choice	6.78	6.60
Fruit cocktail:		
Fancy	8.16	7.80
Choice	7.92	7.56
Cling peaches, (halves & slices):		
Fancy	7.02	6.54
Choice	6.78	6.36
Pears:		
Fancy	7.02	6.84
Choice	6.78	6.60
Fruit salad:		
Fancy	9.00	8.64
Choice	8.76	8.40

[1] Case holds 24 cans, size 2½.
London Public Ledger 2/13/71

Canned Australian Fruit, London Prices

A London trade journal reports opening minimum prices of Australian canned fruits in London on a per-carton, ex-container basis as follows:

Type and quality	Minimum price per case[1] 1971	1970
	U.S. dol.	*U.S. dol.*
Apricots, halves:		
Fancy	7.87	7.44
Choice	7.63	7.08
Fruit cocktail:		
Fancy	8.71	8.34
Choice	8.47	7.98
Peaches, clingstone: (halves & slices)		
Fancy	7.56	7.02
Choice	7.32	6.78
Pears, Bartlett:		
Fancy	7.56	7.39
Choice	7.32	7.02
Fruit salad:		
Fancy	9.60	9.18
Choice	9.36	8.82

[1] Case holds 24 cans, Size 2½.
London Public Ledger 2/13/71

Large Spanish Filbert Harvest

Estimates of Spain's 1970 filbert crop remain unchanged at 29,000 short tons (in-shell basis), 20,000 tons above last year's poor crop.

Exports during the 1969-70 season totaled 9,751 tons, with West Germany, Switzerland, and Czechoslovakia ranking as Spain's principal overseas outlets. Prices for shelled filberts declined steadily during 1970, and the current price of 57 cents a pound is about 22 percent below that a year ago.

Turkish Walnut Prospects Improve Slightly

Turkey's 1970 commercial walnut crop has been placed at 11,000 short tons (in-shell basis), slightly above last year's.

During the 1969-70 season overseas shipments totaled 5,925 tons, approximately 15 percent below the 1968-69 level. The United Kingdom was the major export market, followed by Austria, Israel, and West Germany.

Record Iranian Almond Harvest

Excellent weather contributed to a record 1970 Iranian almond crop, with production placed at 11,000 short tons (kernel-weight basis), almost double the 1969 harvest.

Exports during the 1969-70 season are placed at 3,900 tons, well below the previous year. The Soviet Union and West Germany ranked as Iran's major export markets. Prices for shelled almonds declined steadily during 1970, reaching 65 cents per pound in December compared with 77 cents in December 1969.

Sugar and Tropical Products

Yugoslavia Raises Sugarbeet Prices

Sugarbeet growers in Yugoslavia will get better prices this year. The new minimum purchasing prices to producers will be 0.22 dinars per kilo ($14.67 per metric ton), compared with the old price of 0.18 dinars per kilo ($12 per metric ton). The retail price of sugar, however, will remain unchanged.

The 22-percent increase represents an effort on the part of Government officials to assure adequate planting. Growers generally were unhappy with returns from last year's crop, down because of bad weather. Yugoslavia is almost self-sufficient in sugar, producing about 500,000 tons a year.

Crops and Markets Index

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New Egg Products Inspection Act Affects Imports

Under the recently enacted Egg Products Inspection Act (P.L. 91-597), all egg products (liquid, frozen, or dried) imported into the United States beginning July 1, 1971 will have to be processed under an approved continuous inspection system of the government of the foreign country of origin or subdivision thereof.

The regulations apply equally to intrastate, interstate, and foreign commerce. Thus, imports of egg products into the United States will have to meet the same requirements as those for domestic egg products. Similarly, the provisions of the Act restricting the use of certain types of undergrade shell eggs for human food after July 1, 1972, will also apply to imported eggs.

The inspection system includes control of raw materials used in the egg products; approved processing facilities; operating procedures (including pasteurization); sanitation; proper labeling under the standards of the Federal Food, Drug, and Cosmetic Act, as amended, and the Fair Packaging and Labeling Act; and the continuous inspection during all processing by an authorized foreign government inspector.

In determining if the inspection system of an exporting country is equivalent to that of the United States, an authorized representative of the U.S. Department of Agriculture will review the regulations and make a survey of the inspection system at U.S. Government expense. After approval of the system, periodic review by U.S. inspectors will be made as often as deemed necessary to determine if the inspection system is being maintained.

Beginning July 1, 1972, only shell eggs which meet the same requirements as domestic eggs, may be imported into the United States. The Act requires that certain types of restricted eggs (incubator rejects, leakers, and loss inedibles) be destroyed, denatured, or properly labeled to prevent their use as human food and that other types (checked and dirty eggs) be shipped to an official egg products plant where proper segregation and disposition can be made by an official inspector.

After each effective date, inspection certificates for eggs and egg products will be required to accompany import shipments into the United States, and port of arrival inspection will be made to determine compliance with the law and regulations.

The costs for maintaining an acceptable inspection system will be borne by the exporting country. Import inspections made at port of entry into the United States will be paid by the United States.

All inquiries for further information concerning the Egg Products Inspection Act should be addressed to Director, Poultry Division, Consumer & Marketing Service, USDA, Washington, D.C.

High U.S. Wheat Sales To Western Europe

U.S. wheat exports to Western Europe during 1970-71 may reach 160 million to 180 million bushels according to present indications, compared with only 81 million bushels last year. During the past 10 years, the highest annual. level was 140 million bushels, reached in 1961-62. With this increase, Western Europe will account for well over one-half the total gain in U.S. wheat exports during the current year.

Total Western European wheat imports are expected to be up by around 75 million bushels this year, so the higher U.S. shipments may be due to reduced purchases from other sources as well as increased requirements.